

Contraceptive Security

Ready Lessons

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Taking a Whole Market Approach



U.S. Agency for
International Development

Contraceptive Security



Ready Lessons

Develop and implement a multipartner strategy that leverages the assets of the public and private sectors.

What Can a Mission Do?

- ✓ Conduct a market segmentation analysis and willingness/ability-to-pay studies.
- ✓ Use the results for collaborative planning and ongoing dialogue between sectors.
- ✓ Support targeting public sector subsidies.
- ✓ Develop private sector strategies tailored to different partners.
- ✓ Keep abreast of trends in market segments and demand.

Key Concept - A Whole Market Approach to Contraceptive Security

A coordinated approach that responds to the multiplicity of family planning needs in a country will ensure that the entire market of clients – from those who require free supplies to those who can and will pay for commercial products – is covered. This will avoid overlapping efforts, inefficient use of resources, and goals that are neither agreed upon nor clearly defined.

Identifying Market Segments

Planning and implementing a coordinated, whole market approach first requires a sound empirical baseline of information. A market segmentation study can identify both who is being served in the family planning marketplace and who is underserved. What are the characteristics of public and private sector clients? Of underserved groups? Who has unmet need for family planning and/or the desire for more effective methods? Other studies can help ascertain the ability and willingness to pay for contraceptives and condoms in different groups. All of this information can answer such fundamental questions as:

- Who truly requires subsidized products and at what level of subsidy?
- Who is better served by the private (non-profit and commercial) sector?
- What strategies will viably segment the family planning market in a way that matches different providers to the groups that fit best with the comparative advantage and objectives of each provider?


Using Subsidies More Effectively

One concern of a whole market strategy is how to effectively target subsidies. Subsidized supplies should go to clients with limited or no means to pay for them or who have no access to other alternatives. By directing these resources to those with greatest need, targeting can help:

- lessen competition between free, partially subsidized, and commercial products,
- manage (though not necessarily eliminate) dependency on donor subsidies, and,
- increase access to contraceptives and condoms for underserved clients.

Before targeting can be introduced, there must be the will to go down this sometimes politically risky path, particularly where access to free contraceptives is seen as an entitlement. A growing number of countries are realizing the need to more effectively use government and donor resources, and lessons have been learned in advocating for this critical first step (see Sine, 2003 and Lesson 4).

Market Segmentation and Targeting Strategies Contribute to Contraceptive Security in Turkey



In the early 1990s, donors and the Government of Turkey agreed to phase out donated contraceptives by 2000. This required the Turkish government to mobilize resources for contraceptives since no public sector funding for contraceptives was available. Although the private sector provided family planning services and sold contraceptives, there was little collaboration between the private and public sectors to achieve national reproductive health goals. A large number of users who were willing and able to pay for contraceptives benefited from free supplies at public sector facilities. Shifting these clients to the private sector or charging user fees would help the public sector target its scarce resources to those who could not afford to pay for contraceptives.

The Ministry of Health (MOH), USAID, and partners began by generating support for a market segmentation analysis and convincing the Turkish government that contraceptive self-reliance was a national priority. The analysis identified current and potential market niches for the private sector under different scenarios of public sector targeting. A workshop on public-private partnerships helped integrate the private sector into policy dialogue about the contraceptive financing challenge and encouraged pharmaceutical companies to view the public sector's supply needs as a new market. A feasibility study demonstrated that many public sector users were both able and willing to pay for contraceptives.

In response, the government budgeted resources to procure contraceptives, and piloted a "donation policy" in seven provinces, whereby clients were asked to contribute a share of the costs of their supplies at public sector facilities. The revenue generated would help lessen the shortfall between MOH resources allocated for contraceptive purchases and the total needed. Under the policy, clients received free contraceptives by self-declaring their inability to pay. The donation strategy was expanded to 18 provinces, representing about two-thirds of the population. More than 60 percent of the clients made full or partial donations.

Although the government has since withdrawn the donation policy, some provinces continue it in order to purchase contraceptives should the MOH be unable to provide them with sufficient commodities. The policy served as a stopgap measure after the withdrawal of USAID contraceptive support, and helped to build provincial support for finding solutions to Turkey's contraceptive supply needs. It also helped the MOH to successfully advocate with the Ministry of Finance to increase contraceptive financing. Their budget for contraceptives was substantially increased in 2002 to meet the shortfall created by the withdrawal of the donation policy.

Expanding the Private Sector's Role

Targeting is part of a broader set of changes that also work to increase participation by the private sector. Important considerations include ensuring that clients who are not eligible for subsidized services in the public sector have affordable, quality alternatives. Also, there may be substantial demand for certain family planning services and products that the private sector is well suited to provide. The potential partners are many – social marketing organizations, NGOs, provider networks, hospitals and clinics, employers, insurers, commercial manufacturers and distributors.

Enabling the private sector to provide contraceptives and condoms, then, is a matter of:

- creating attractive alternatives for clients who do not need public sector supplies,
- increasing household financing for contraceptives and condoms,
- responding to client demand, and
- increasing the choices available to people.

Missions can examine the overall climate in a country for the private sector, and identify the challenges and opportunities for expanding its role in contraceptive and condom provision. A market segmentation study and other studies will identify the current and potential size of market segments that the private sector could serve.

Direct consultations with the private sector are also necessary. What do the different potential partners see as the opportunities for them to help a

country meet peoples' contraceptive and condom needs? How can USAID help pursue those opportunities? What do they see as the risks and constraints, and how can USAID work to lessen them? Some more specific concerns might be:

- Is the widespread availability of free or subsidized products interfering with expansion of commercial markets?
- Are there methods that the private sector could provide to meet clients' needs were it not for misinformation (e.g., about side effects) limiting the market?
- Are there government policies, regulations, and procedures that affect pricing, advertising, imports, and drug registration and that hinder private sector services or access to markets by international suppliers?
- Are there concerns outside the health sector, for example, about rule of law, corruption, and bureaucratic effectiveness?

There is not a “one size fits all” approach to expanding private sector provision of contraceptives and condoms. The private sector is diverse and Missions can use a wide range of tools to tailor to different partners. For example:

- Provide technical assistance to identify market opportunities.
- Advocate for policy and regulatory change to open markets and enable greater private sector participation.
- Increase access to capital and supplies.
- Conduct communication campaigns to expand awareness of contraceptive options and to dispel myths.
- Build capacity for institutional and financial sustainability.
- Train private sector providers in family planning service delivery, counseling, etc.

Increasing contraceptive security through the private sector is a long-term venture. Economic trends and crises, political changes, and other forces outside the health sector will test the sustainability of the private sector's provision of contraceptives and condoms. Building resilience into the system – a major part of which is creating a large, stable client base – is key.

A Public-Private Partnership for Expanding Method Choice in Egypt

A 1997 market segmentation study identified a demand among breastfeeding postpartum women in Egypt for a contraceptive method other than the IUD for spacing right after delivery. The IUD was then the only method available that offered the rapid return to fertility desired by spacers, but many found it undesirable.

Egypt's Private Sector Project (PSP) within the National Population Program saw an opportunity to leverage public and commercial sector assets to achieve the goals of both sectors and make available to Egyptian women the Progestin-only pill as an alternative to the IUD. The PSP and manufacturers formed a demand-driven partnership to accelerate introduction of the pill in the commercial market. The PSP developed and aired a series of advertising campaigns to raise awareness of the product. Manufacturers funded the complementary support to providers, with medical detailing to affiliated pharmacies, promotional materials, continuing medical education, and public relations support.

Annual sales of Progestin-only pills grew from 63,000 in 1997 to 1.1 million in 2001; or from 2% to 21% of the hormonal contraceptive market in Egypt. The partnership now involves sharing market information and joint planning for other contraceptives, including combined oral contraceptives.

The commercial sector responded to a clear family planning need, giving Egyptian consumers a greater choice of methods, and finding a sustainable market. In the absence of promotional support from USAID projects, demand for Progestin-only pills remains strong. The commercial sector continues to provide non-subsidized and affordable contraceptives, an advanced distribution and sales capacity, and an extensive network of outlets.

Further Reading

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(<http://www.tfgi.com/Documents/WTPmanual.pdf>). [Describes what willingness-to-pay surveys are and how to do them, with illustrations of their application in several countries to help program managers make pricing decisions.]

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Gwatkin, D.R. 2000. *The Current State of Knowledge About Targeting Health Programs to Reach the Poor*. (<http://www.worldbank.org/poverty/health/library/targeting.pdf>). [Discusses the efficacy of targeting as well as its various types and implications for project development.]

Sine, J. 2003. *Targeting: A Key Element of National Contraceptive Security Planning*. Policy Issues in Planning and Finance No 3. Washington, D.C.: Policy Project /Futures Group International. [Reviews targeting as part of contraceptive security planning and provides guidelines and approaches for implementing it.]

Tatar, F. and Sine, J. 2001. *Client Donations for Contraceptives: An Innovative Approach to Sustainable Financing in Turkey*. Washington, D.C.: Policy Project/Futures Group International. (<http://www.policyproject.com/pubs/countryreports/TURclidon.PDF>). [Describes the Ministry of Health's response to the phase-out of contraceptive donations by USAID, the targeting strategy adopted by the Ministry, and the results of its initial pilot.]

The USAID Contraceptive Security Team works to advance and support planning and implementation for contraceptive security in countries by:

- developing and supporting the use of appropriate strategies and tools for contraceptive security,
- improving decision making for contraceptive security through increased availability and analysis of data, and
- providing leadership at the global level.

The team provides technical assistance to Missions and partners in research and analysis, strategic planning and programming, monitoring and evaluation, and design and implementation of field activities. For further information, please contact:

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